



## Wyoming Lender Alert

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July 2003

Steven Despain, District Director

*Making a Difference for Small Business in Wyoming*

### A Word From Our District Director



The U.S. House Committee on Small Business voted unanimously to strengthen the Small Business Administration's Office of Advocacy so it can more effectively and independently protect small businesses from unnecessary

federal regulations. The legislation was sponsored by Reps. Todd Akin (R-MO) and Ed Schrock (R-VA), who are both subcommittee chairmen on the House Small Business Committee.

The Small Business Advocacy Improvement Act of 2003 (H.R. 1772), passed by voice vote, would give the Office of Advocacy a protected line item in the President's budget and create a new principal deputy chief counsel. The legislation also authorizes a larger budget for the Office of Advocacy to hire more staff, thereby increasing its vigilance on excessive regulations. In addition, the bill encourages the SBA Ombudsman to work more closely with the Office of Advocacy in coordinating opinions on the impact of regulations on small businesses.

Chairman Manzullo noted that President Bush called for a stronger Office of Advocacy last year when he unveiled his Agenda for Small Business. The Senate is expected to pass a similar bill within the next several weeks. Manzullo hopes the bill will be on the President's desk for his consideration later this year.

"This is an important bill that will help small businesses battle unfair and burdensome regulations," Manzullo said. "Especially now, we should do what we can to help our struggling small employers get through these tough times. A strengthened Office of Advocacy will help."

*Steven F. Despain*

## UPCOMING EVENTS

July 1<sup>st</sup> – Women's Roundtable Meeting  
Jackson

July 2<sup>nd</sup> – Women's Roundtable Meeting  
Casper

July 4<sup>th</sup> – Holiday

July 8<sup>th</sup> – Women's Roundtable Meeting  
Sheridan/Lyman/Bridger Valley

July 15<sup>th</sup> – Women's Roundtable Meeting  
Cheyenne and Cody

July 17<sup>th</sup> – Women's Roundtable Meeting  
Powell

July 29<sup>th</sup> – WNET Conference Call

July 29<sup>th</sup> – Women's Roundtable Meeting  
Evanston

### Check out the Wyoming SBA Web Site!

The following pages have been updated on our Wyoming Web Site:

<http://www.sba.gov/wy/> -- New things added – Wyoming Personnel in center of page – SB Week 2003 Winners

<http://www.sba.gov/wy/NewsReleases.html> -- Small Business Week Winners added to the list of Press Releases

<http://www.sba.gov/wy/wyfinancing.html> -- July Lender Alert has been posted

<http://www.sba.gov/wy/SBNewsRelease.html> -- New Page -- contains all Press Releases for Small Business Week in PDF, Text & HTML format

# ***Women's Business Center Offers Micro Loans***

The Wyoming Women's Business Center (WWBC) occupies a unique niche in Wyoming's lending community by offering small loans of up to \$10,000 to entrepreneurs throughout the state. The center serves any Wyoming resident but particularly welcomes women, people of color, and low income individuals.

In 2002, the WWBC received \$200,000 in loan funds to become Wyoming's first Intermediary Lender under the SBA's Microloan Program. These funds are now being loaned to entrepreneurs throughout Wyoming for business startups and expansions. The SBA Microloan Program allows larger loans under certain circumstances, but by offering smaller loans, the WWBC can serve more people and target the smaller emerging businesses. To date, the center has made 19 microloans to a variety of businesses including childcare centers, a garbage collection service, a web based comic book business, a wellness center and a custom clothing business.

The center also partners with local banks to offer monthly business roundtables in seven Wyoming communities; provides training and technical assistance and networking events.

For more information on the WWBC's services and upcoming events, visit [www.wyomingwomen.org](http://www.wyomingwomen.org) or call the center at 766-3084 in Laramie or toll free 888-524-1947.

## **Administration Makes \$1.4 Billion More Available For Small Business Lending**

The U.S. Small Business Administration announced that \$1.4 billion in additional loan authority will be made available for small business lending for fiscal year 2003. As a result, lending authority in the agency's primary business loan program, 7(a), will increase to almost \$11.0 billion. "Hundreds of small business owners and entrepreneurs looking to start a business will benefit from this new loan authority," said SBA Administrator Hector V. Barreto. "The SBA is already underwriting a record number of loans in this, its 50<sup>th</sup> year, and this new loan authority will add to our capacity to help small businesses." The new loan authority will be made available by applying a new 7(a) econometric subsidy model to the STAR program for FY 2003. The STAR, or Supplemental Terrorist Activity Relief,

program, was established to assist small businesses affected by the terrorist attacks of Sept. 11, 2001, and was in effect through January 11, 2003. From October 1, 2002 through January 11, 2003, \$1.663 billion in STAR loans were made. By applying the new model to the STAR program, the estimated cost of the program declines dramatically. This frees up \$12.3 million that will now be transferred to the 7(a) program to make loans to small businesses. Since January, some loans approved through the STAR program have been cancelled, allowing the SBA to transfer about \$2.8 million in additional funds to the 7(a) program. Together, these transfers support approximately \$1.449 billion in additional 7(a) loans.

## **Discharged Military Reservists Have 90 Days To Apply For SBA Economic Injury Loans**

Small businesses with essential employees returning from active duty in the armed services still have 90 days to apply for Military Reservist Economic Injury Disaster Loans from the U.S. Small Business Administration. The filing period ends 90 days after the date the employee or owner is discharged from active duty. "Americans are grateful for the sacrifices these reservists, some of whom are sole proprietors, have made to support the nation's military effort," said SBA Administrator Hector V. Barreto. "We recognize that long periods of absence for active duty can put an enormous strain on a small business, and these loans can help reservists weather the challenges involved in keeping the business running." The MREIDL program provides loans to eligible small businesses to cover operating costs that would have been covered, but cannot be met because an essential employee was called to active duty during a period of military conflict in his or her role as a military reservist. Small businesses may apply for MREIDLs of up to \$1.5 million if they have been financially affected by the loss of a key employee. These working capital loans may be used to pay fixed debts, payroll, accounts payable, and other bills that cannot otherwise be paid. The interest rate on these loans is 4 percent or less, with a maximum term of 30 years. The SBA determines the amount of economic injury, the term of each loan and the payment amount, based on the borrower's financial circumstances. To download the application, visit the Web site at [www.sba.gov/disaster](http://www.sba.gov/disaster). Businesses can also contact one of the four SBA disaster area offices to obtain an MREIDL application. Call 1-800-366-6303 if you live in Arkansas, Colorado, Iowa, Kansas, Louisiana, Missouri, Montana, Nebraska, New Mexico, North Dakota, Oklahoma, South Dakota, Texas, Utah or Wyoming.



Quietly, over the last 50 years, a private-public partnership has pumped over 600 million dollars into the Wyoming business economy. The partnership is between private Wyoming lenders and the U.S. Small Business Administration. Last year, this partnership helped finance over 142 businesses in Wyoming with over \$27 million in capital. Nationally SBA is celebrating its 50<sup>th</sup> anniversary this year. Thanks to the generosity of Community First Bank, First Interstate Bank, Hilltop Bank, Wells Fargo and American National Bank, there will be a celebration of the 50<sup>th</sup> anniversary on August 7<sup>th</sup> at a Casper Rockies home game. If you have a small business client you would like us to invite, please contact, Deb Farris, 307-261-6509 and she'll make sure an invitation and tickets are available!

## ***Impact on Small Business: The Jobs & Growth Tax Relief Reconciliation Act of 2003***

### ***Small Business Expensing & Depreciation***

- The new expensing provision increases the amount of equipment purchases a small business can immediately expense, rather than depreciate over time, from \$25,000 to \$100,000. This is something that the Office of Advocacy and the small business community have long sought. Moreover, the threshold for phasing out expensing is raised to \$400,000 – twice the old amount. Each of these numbers will be indexed to inflation beginning with 2004; however, as it currently stands, these provisions will expire after December 31, 2005.
- The Administration estimated earlier this year that at least a half million businesses would directly benefit from the expensing provision changes similar to those enacted. Using 1999 tax data, sixty-nine percent of businesses claiming this deduction were sole proprietors and individual farmers (almost 2.9 million business filers). Furthermore, expensing changes also have the advantage of simplifying the process of capital investment.
- The additional first-year bonus depreciation deduction has also been increased from 30 to 50 percent for investments acquired and placed in service after May 5, 2003 and before January 1,

2005. Some investment qualifies for a one-year extension to December 31, 2005.

- These provisions should provide needed incentives for small businesses to purchase capital equipment. Private investment adjusted for inflation, after rising steadily throughout the 1990s, has remained stagnant for the past two years. The National Federation of Independent Business's (NFIB's) monthly surveys have suggested a similar trend on the part of small business owners regarding their capital spending patterns.

### ***Accelerating the Tax Cuts***

- The new budget would accelerate most of the tax cuts enacted in 2001 to take effect this year; the top tax rate would fall from 38.6 to 35 percent. Since most small businesses are sole proprietorships that file using the owner's individual returns, these tax cuts have direct effects on small firms. According to the U.S. Treasury, these effects are:
  - For the 23 million U.S. small business owners who benefit from the Jobs and Growth Tax Relief Reconciliation Act, the average tax cut would be \$2,209.
  - As a result of shifting the top tax rate reduction from 2006 to 2003, small business owners will receive 79 percent (about \$9.7 billion) of the \$12.4 billion in tax relief.

### ***Capital Gains & Dividend Tax Cuts***

- The tax on capital gains and dividends will fall to 15 percent each between now and 2008. For taxpayers in the 10 and 15 percent tax brackets, the rate for both will be 5 percent until 2007 and zero percent in 2008. The capital gains tax reduction applies to gains realized on or after May 6, 2003, and to dividends received in 2003 or after.
- Lowering the capital gains and dividends taxes should help to lift equity markets and spur investment.

### ***Immediate Impact***

- The legislation will increase economic growth and create new jobs.
- The Treasury Department points out that this new legislation will immediately reduce the tax liability of 23 million small business owners.
- In addition, employees should start receiving additional take-home income as the withholding payroll tables reflecting the new tax rates should be updated by July 1, 2003. Furthermore, while not directly impacting small businesses, the child tax credit was increased from \$600 to \$1,000, and the increased amount will be paid in advance with checks being mailed starting in July. These actions should work to stimulate disposable income, consumption, and the overall economy.